

The Energy And Technology Committee

March 9, 2006

Senate Bill 569: AAC REVISIONS TO THE UTILITY STATUTES IN RESPONSE TO THE 2005 FEDERAL ENERGY ACT

Testimony of

The Office of Consumer Counsel

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The Office of Consumer Counsel (OCC) supports **Senate Bill 569: AAC REVISIONS TO THE UTILITY STATUTES IN RESPONSE TO THE 2005 FEDERAL ENERGY ACT**, with some revisions.

The number of consolidations and mergers has been escalating across the entire public utilities sector, and this trend will likely continue with the recent repeal of the federal Public Utilities Holding Company Act (PUHCA), which restricted far-flung combinations of utilities. It is critical for the protection of the state and consumers, that regulatory bodies be enabled to fully examine and impose reasonable conditions on corporate combinations that involve, public service companies, directly or indirectly.

In a recent large corporate takeover, SBC's takeover of AT&T, the Department of Public Utility Control (DPUC) held that it lacked adequate statutory authority to examine the merger. OCC would accordingly propose, in addition to the changes in Section 1 and 2 of the bill, that language to revise C.G.S. § 16-43(a) should be added to cover holding company and public service company mergers, a blind spot in the current statutory framework.

Proposed language would be:

C.G.S. § 16-43(a) [added to the end]: A public service company shall be considered to have directly or indirectly "merge(d) or consolidate(d)" with another company for purposes of this statute if the public service company, or any affiliate thereof, merges with or into another company, consolidates with another company, acquires another company or is acquired by another company. The term "affiliate" for purposes of this section means any company controlling, controlled by or under common control with a public service company.

The OCC supports Sections 1 and requests consideration of the above addition to supplement Section 1. OCC also strongly supports Section 2 of the bill which seeks to have ratepayers share in merger savings.

With regard to Section 3, the OCC does not oppose the addition of non-legal consultants for the use of the DPUC, but of course requests that the same authority be granted the OCC for its use in the federal arena by making a similar amendment to Conn. Gen. Stat. § 16-6a(c). Indeed, the OCC would suggest that the statute be revised to provide the OCC and the DPUC with complete parity as to their participation before agencies of the federal government and courts. There is no reason for their respective authority on federal issues to be out of balance. This proposed bill is an excellent opportunity to simply put the two agencies on a par with each other and provide them with the authority to prosecute the state's interests as to increasingly important federal issues.